



June 2, 1993

919-741-5000
Winston-Salem, N.C. 27102

All Regional Sales Managers:

The AVP's, along with internal management, met recently in Cincinnati and developed the following guidelines and direction on our Savings brands. I am sending this with your Select Lights introduction and Special Lights promotion in the interest of time.

For the balance of 1993, Doral remains our number 1 priority in the mid-tier. Sterling and Magna play a lesser role, in that order of priority. Doral responds well when it is at parity with its mid-price competitors, especially Cambridge, and must be couponed accordingly.

Monarch and our retail private label partnerships remain our top priority among our Forsyth Products brands. Best Value's role will be primarily one of defending its current volume in high BDI markets for the brand. A major effort should be made to gain distribution on Monarch as it is judged to offer the best long-range potential to fight against its major competitor, Basic (which is the fastest-growing savings brand and, according to Nielsen, the largest). In new/existing Monarch accounts, we must match Basic tactic-for-tactic.

The complete Savings strategy is attached. You should thoroughly read this document, which your Area Vice President will review with you in its entirety to ensure total understanding.

The Third Quarter is a very busy time in our full-price business with the Winston Weekends, Select Challenge Promotion, Select Lights introduction, and maintaining focus on Camel and Camel Special Lights. This is our highest priority. We must defend our full-price volume in the price war. Although our profits will decline from a year ago, we must do this in order to demonstrate that we are fully prepared to match any competitive move.

In this highly price-sensitive market, with unprecedented levels of promotion on full-price brands, we cannot raise list prices. Therefore, superior execution at retail is key to our profitability.

Thank you for your usual good cooperation and follow-through.

Sincerely,

Yancey W. Ford, Jr.
Executive Vice President - Sales

Attachment

"We work for smokers."

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